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THE TORONTO STOCK EXCHANGE

16/1/69

FILING STATEMENT NO. 1670.
FILED, JANUARY 22nd, 1969.

LAKE ONTARIO CEMENT LIMITED

Full corporate name of Company

Incorporated under the laws of Canada by letters patent dated April 23, 1956

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953 (Ontario) by Letters Patent dated May 1st, 1957).

FILING STATEMENT

(To be filed with respect to any material change in a company's affairs, including among other things, an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	Denison Mines Limited ("Denison") proposes to sell up to 230,950 common shares of Lake Ontario Cement Limited (the "Company"), such shares comprising approximately 10% of the 2,309,506 common shares of the Company presently beneficially owned by Denison. The shares will be sold through the facilities of The Toronto Stock Exchange (the "Exchange") pursuant to a ruling by the Ontario Securities Commission that the sale of such shares shall be deemed not to be a primary distribution to the public. The sales are proposed to be effected through an investment dealer and will take place in the ordinary course of business of the Exchange. It is expected that the distribution of the shares will take a considerable period of time. It is understood that the sales are intended to be effected in order to realize partially on the investment of Denison in the shares of the Company, to reduce bank indebtedness and, as a consequence, to place Denison in a better position to take advantage of expected substantial investment possibilities. During the period of the offering, Denison will comply with all by-laws, rulings and regulations of the Exchange pertaining to the orderly marketing of such shares.
2. Head office address and any other office address.	2 Carlton Street, Toronto, Ontario
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	See Schedule "A" on pages 3 and 4.
4. Share capitalization showing authorized and issued and outstanding capital.	As at November 30, 1968 Common shares with a par value of $1 each — Authorized: 5,000,000 — Issued: 4,219,961

5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	Reference is made to The Long Term Debt reflected on the company's Consolidated Balance Sheet on page 8.
6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	See Schedule "B" on pages 5 and 6.
7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	See Schedule "B" on pages 5 and 6.
8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	Not applicable
9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	See Schedule "C" on page 7.
10. Brief statement of company's chief development work during past year.	See Schedule "C" on page 7.
11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	Not applicable
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	Not applicable
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	Not applicable
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	Not applicable

SCHEDULE A

DIRECTORS

Name	Address	Chief Occupations for the Past Five Years
Hon. George A. Drew, P.C., C.C., C.D., Q.C., LL.D.	60 Old Forest Hill Rd., Toronto, Ontario.	Prior to election as a director of the Company in 1964 was High Commissioner for Canada in The United Kingdom.
James G. Pickard	100 Bayview Ridge Cr., Willowdale, Ontario.	Prior to election as Vice-Chairman of the Board of the Company in July, 1965, was President of the Company having held that office since September, 1962.
Robert D. MacLean	438 Temagami Cr., Port Credit, Ontario.	Prior to election as President and General Manager of the Company in July, 1965, was Executive Vice-President and General Manager of the Company having held that office since October, 1962.
Peter Barry	630 Mount Hope Ave., Rochester, New York, U. S. A.	Superintendent of the Rochester Gas & Electric Corp. until July 1, 1965, when he was appointed Executive Vice-President of the Monroe County Savings Bank. Subsequently appointed President on January 1, 1968.
C. F. W. Burns	Kingfield Farms, King, Ontario.	Chairman, Burns Bros. and Denton Limited.
Joseph P. Crothers	40 Bayview Ridge, Willowdale, Ontario.	Vice-Chairman and Chief Executive Officer of Geo. W. Crothers (1965) Limited. Formerly President of such company and prior to December, 1965 President of Geo. W. Crothers Limited.
Arthur M.R. Hughes	42 Main Street, Essex, Connecticut.	President of Marine Midland Trust Company of Rochester until 1964 when he was appointed Chairman of that company.
W. Howard Jagels	108 Wilson Road, Macedon, New York.	Vice-President and General Manager of Rochester Portland Cement Corp. from 1962 until December, 1965, when he was elected President of that company.
E. B. McConkey	14 Burnview Cr., Scarborough, Ontario.	Assistant Secretary-Treasurer of Denison Mines Limited prior to 1964 when he was appointed Treasurer and in 1965 became Vice-President Finance and Treasurer of that company.
Harvey J. McFarland	Picton, Ontario.	President, H. J. McFarland Construction Company Limited.
John A. Mullin, Q.C.	43 Glenallan Rd., Toronto 12, Ontario.	Partner, Fraser & Beatty

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OFFICERS

Name	Address	Chief Occupations for the Past Five Years
Hon. George A. Drew, P.C., C.C., C.D., Q.C., LL.D.	60 Old Forest Hill Rd., Toronto, Ontario.	Chairman of the Board of the Company. Prior to election as a director of the Company in 1964 was High Commissioner for Canada in The United Kingdom.
James G. Pickard	100 Bayview Ridge Cr., Willowdale, Ontario.	Vice-Chairman of the Board of the Company. Prior to election as Vice-Chairman of the Board in July, 1965 was President of the Company having held that office since September, 1962.
Robert D. MacLean	438 Temagami Cr., Port Credit, Ontario.	President and General Manager of the Company. Prior to election as President and General Manager in July, 1965, was Executive Vice-President and General Manager of the Company having held that office since October, 1962.
R. J. Reynolds	17 Regis Drive, Willowdale, Ontario.	Vice-President and Secretary-Treasurer of the Company. Prior to appointment as Vice-President in July, 1965 was Secretary-Treasurer of the Company having held that office since April, 1964. Prior to employment with the Company he was an officer and director of Barber-Greene Canada Ltd., a manufacturer of construction equipment.
J. D. Fowler	18 Sedgebrook Cr., Islington, Ontario.	Vice-President - Marketing of the Company. Joined the Company as Manager - Special Projects in December, 1962 and was appointed Vice-President - Planning and Development in July, 1965,- relinquishing that position to become Vice-President - Marketing in January, 1966.
R. C. Miller	1250 Cloverbrae Cr., Port Credit, Ontario.	Vice-President - Operations. Joined the Company in April, 1963 as General Sales Manager and was appointed Vice-President - Sales in July, 1965, relinquishing that position to become Vice-President - Planning and Development in January, 1966, relinquishing this latter position to become Vice-President - Operations in January, 1968.
C. A. Gibbs	255 Johnston Avenue, Willowdale, Ontario.	Assistant Treasurer of the Company. Joined the Company in February, 1959 and was appointed Assistant Treasurer in March, 1964.
R. P. Sutherland	62 Copping Road, Scarborough, Ontario.	Assistant Secretary of the Company. Joined the Company in April , 1958 and was appointed Assistant Secretary in September, 1965.

SCHEDULE B

STOCK OPTIONS

Under the Company's Incentive Stock Option Plan, which was approved by the shareholders of November 10, 1958, 125,000 Common Shares were made available to be optioned to key employees (including officers) of the Company and its subsidiaries designated from time to time by the Board of Directors, but no employee may receive any options covering more than 18,750 shares, and no option may be granted after December 31, 1968. With respect to each option granted under the Plan, the option price may not be less than 95% of the fair market value of the shares on the date the option is granted; the option may not extend for more than ten years from the date granted; no option may be exercised before the completion of one year of continuous employment by the optionee following the granting of the option, but may be exercised at any time or from time to time thereafter prior to expiration as to all or any part of 40% of the optioned shares after the first year of continuous employment, as to all or any part of a further 20% after the second year of continuous employment, as to all or any part of a further 20% after the third year of continuous employment and as to all or any part of the remaining 20% of the optioned shares after the fourth year of continuous employment; and the number of shares covered by the option and the purchase price thereof are subject to adjustment in the case of changes in capitalization such as stock splits or stock dividends.

In addition to options granted pursuant to the Incentive Stock Option Plan, Mr. R. D. MacLean, the President of the Company, was granted an option to purchase, at $5 per share, a total of 8,000 shares at the rate of 2,000 shares on January 1 in each of the years 1966-1969 inclusive. Such option is valid only while Mr. MacLean is an executive officer of the Company. At November 30, 1968 no part of this latter option had been exercised.

OPTIONS PRESENTLY OUTSTANDING

UNDER INCENTIVE STOCK ORTION PLAN

Optionee	Address	No. of Shares	Option Price	Expiry Date
J.J. Brennan	11 Lincolntown Dr. Elnora, N.Y. 12065	1,500	$3.00	March 31, 1971
G.L. Byers	34 Watercliffe Rd., Rexdale, Ontario.	1,500	$5.00	June 29, 1975
M.E. Carr	P.O. Box 353, New Liskeard, Ont.	1,500	$3.00	January 29, 1970
W.R. Dersnah	76 King Street, Picton, Ontario.	2,000	$5.00	June 7, 1977
J.D. Fowler	18 Sedgebrook Cr., Islington, Ont.	3,000	$3.00	January 16, 1974
R.B. Gaskin	Massey Street, R.D. #1, Watertown, N.Y.	1,500	$3.00	July 29, 1969
C.A. Gibbs	255 Johnston Ave., Willowdale, Ont.	1,500	$5.00	June 7, 1977
C.A. Gibbs	255 Johnston Ave., Willowdale, Ont.	600	$3.00	January 25, 1970
W.B. Grieve	Box 814, Markham, Ont.	1,500	$5.00	June 28, 1975
W.H. Jagels	108 Wilson Rd., Macedon, N.Y. 14502	500	$3.00	January 15, 1974
R.G. Lavery	47 Agincourt Dr., Agincourt, Ont.	1,500	$5.00	June 29, 1975
R.D. MacLean	438 Temagami Cr., Port Credit, Ont.	1,000	$3.00	January 15, 1974
D. MacRitchie	71 Shandon Drive, Scarborough, Ont.	1,500	$3.00	January 25, 1970
R.C. Miller	1250 Cloverbrae Cr., Port Credit, Ont.	2,000	$3.00	February 19, 1974
G.W. Mills	27 Harwick Crescent, Ottawa 6, Ontario.	1,500	$3.00	January 25, 1970
R.M. Mitchell	7 Lambeth Crescent, Islington, Ontario.	3,000	$5.00	June 7, 1977
W.N. O'Leary	775 Carol Drive, Peterborough, Ont.	1,500	$3.00	July 29, 1969
R.J. Reynolds	17 Regis Drive, Willowdale, Ont.	5,000	$5.00	June 28, 1975
R.V. Robson	P.O. Box 1344, Picton, Ontario.	2,000	$5.00	June 7, 1977
R.P. Sutherland	62 Copping Road, Scarborough, Ont.	1,500 1,500	$3.00 $5.00	July 29, 1969 June 7, 1977
		37,100		

OTHER OPTIONS

R.D. MacLean	438 Temagami Cr., Port Credit, Ont.	8,000	$5.00	December 31, 1975

REPORT TO THE SHAREHOLDERS

Sales in 1968 reached a record level of $20,930,550. The consolidated net earnings, before income taxes, of $1,759,737 were 58% higher than the $1,114,496 recorded in 1967, during which period the Company's results were adversely affected by a series of strikes. It should be noted that operating profits were reduced by $256,534 as a result of an extraordinary net loss on the disposal of obsolete assets in the Premier Concrete Products division.

While no income taxes are payable in respect of 1968 earnings, consistent with the recommendations of the Canadian Institute of Chartered Accountants earnings for the year have been charged with the full income taxes that would normally prevail if no capital cost allowance beyond that of normal straight line depreciation were taken. After provision for deferred income taxes, consolidated net earnings for the year ended December 31, 1968, were $914,737, after providing $1,867,251 for depreciation and depletion, $1,168,999 for interest on borrowed funds and $845,000 for deferred income taxes. Comparable consolidated net earnings for 1967 would have been $493,496 had provision for deferred income taxes been made at that time.

We draw your attention to the continued improvement in the Company's long term debt position. At current repayment rates, the first mortgage bonds (originally covering debt of $7,000,000 incurred to acquire the initial plant facilities) will be fully paid off in December, 1969. Your Company intends to redeem the remaining 5½% sinking fund Debentures totalling $6,395,400 on the due date, June 30, 1971. At that time, the original long term debt will have been completely repaid.

The technology of the cement industry, which changed little for several years, has recently presented some interesting innovations. Essentially, these are aimed at increasing labor efficiency, reducing fuel costs, improving product quality and reducing transportation costs. We intend to remain fully abreast of such developments, adopting those that are compatible with our process and which offer a high return on investment. Our Picton plant enjoys the economic benefits of being adjacent to deep navigable water and of being of the dry process type. With reasonable reinvestment, this plant will remain a highly competitive unit for many years to come.

1968 was a year in which significant progress was made by your Company in regard to implementing an efficiency improvement program in all divisions and subsidiaries. While this program is of a continuing nature and some elements of it are still in progress, tangible benefits are already being realized.

Our capital budget program in 1968, which involved expenditures totalling $1,581,008, was largely committed to replacing obsolete assets and modifying existing equipment either to improve its efficiency or to increase its output. It is anticipated that the capital expenditure program in 1969 will be of the same magnitude as in 1968 and that it will have the same general purposes.

Cement sales in Ontario and New York State reached record levels in spite of quite severe competition from Quebec-based companies, where a substantial oversupply situation still exists. New cement capacity coming on stream in Ontario at the beginning of 1969 will be partially offset by a nominal increase in the cement consumption of the Province.

The Premier Concrete Products division of the Company, in which a significant portion of the 1968 capital expenditures was made, progressed particularly well during 1968 and is presently in a position of being able to service efficiently the entire Metropolitan Toronto area with its large modern fleet of ready mix trucks. Premier's Hamilton operations are also doing well and, in fact, business there has increased to the point where it appears desirable to establish a second plant. For this purpose, a site has been purchased where we anticipate that a ready mix plant will be set up in the Spring of 1969.

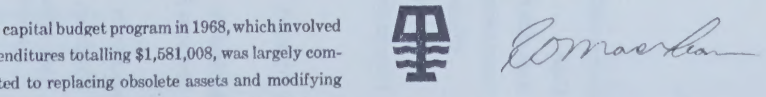
Construction activity in the city of Windsor in 1968 was not as buoyant as in much of the rest of our market area. However, building permits markedly increased during the latter part of the year and, as a result, prospects for 1969 are much improved. Many beneficial changes in Ryancrete's operations were made during 1968 and more are planned for 1969. These changes will strengthen Ryancrete's position as a major producer of ready mixed concrete and autoclaved concrete block in the Windsor area.

In spite of increased competition, Primeau Argo Block Co. Limited, whose results have not been incorporated in this report, experienced a profitable year, maintaining its market for standard and autoclaved concrete and lightweight block. In 1969, Primeau Argo plans to continue its product diversification program with emphasis on faced masonry. This is expected to increase its participation in the expanding Metropolitan Toronto construction market.

Economists in Canada and the United States are in agreement that these two countries are on the threshold of a major construction boom. A serious threat to the realization of this prediction appears to lie in the inflationary pressures that are resulting in cost increases of unprecedented magnitude. While construction costs in total have recently risen at an alarming rate, it has perhaps not been recognized that during the last ten years the cost of living has risen at a rate which is more than 60% greater than the rate of increase in the price of cement in Ontario. Although necessary price increases must be made from time to time in our industry to offset rising costs of labor, materials and services, concrete is more and more assuming its place as the most economical and versatile of all construction materials. It will indeed share fully in the enormous construction programs planned to take place during the next several years.

We acknowledge with appreciation the fine efforts and co-operation provided by the Company's employees in Canada and the United States.

On behalf of the Board of Directors



R. D. MacLean
President

LAKE ONTARIO CEMENT LIMITED

and subsidiary companies

consolidated balance sheet

DECEMBER 31, 1968

assets

	1968	1967
CURRENT ASSETS		
Cash	$ 476,975	$ 593,578
Accounts receivable	3,230,602	3,403,396
Inventories, at cost		
Finished and semi-processed products	1,377,912	1,242,283
Raw materials and supplies	1,467,373	1,630,555
Prepaid expenses	96,312	108,142
	$ 6,649,174	$ 6,977,954
NON CURRENT ACCOUNTS RECEIVABLE AND OTHER ITEMS	$ 380,158	$ 44,174
INVESTMENTS		
Primeau Argo Block Co. Limited, at cost	$ 242,000	$ 242,000
FIXED ASSETS		
Property, plant and equipment, at cost	$39,462,510	$39,096,702
Less—Accumulated depreciation and depletion (depletion 1968, $227,055; 1967, $168,338)	11,426,040	10,306,245
	$28,036,470	$28,790,457
DEFERRED CHARGES		
Unamortized debenture discount and expense	$ 99,120	$ 138,768
	$35,406,922	$36,193,353

APPROVED ON BEHALF OF THE BOARD

George A. Drew, *Director*

James G. Pickard, *Director*

liabilities

	1968	1967
CURRENT LIABILITIES		
Bank loan—secured	$ 7,710,000	$ 8,560,000
Accounts payable and accrued liabilities	1,594,069	1,423,216
Long term debt due within one year	1,899,545	1,900,008
	$11,203,614	$11,883,224
LONG TERM DEBT (Note 2)		
5¾% First Mortgage Bonds due December 31, 1969	$ —	$ 1,600,000
5½% redeemable sinking fund Debentures due June 30, 1971	6,395,400	6,395,400
6% secured note repayable quarterly to November 9, 1971	103,500	155,250
5% debenture repayable annually to June 10, 1969	—	200,000
5½% mortgage repayable quarterly to September 5, 1972	126,522	172,530
	$ 6,625,422	$ 8,523,180
DEFERRED INCOME TAXES (Note 5)	$ 845,000	—

shareholders' equity

CAPITAL STOCK (Note 3)		
Common shares, par value $1 each (Notes 3 and 4)—		
Authorized—5,000,000 shares		
Issued and outstanding—4,223,461 shares (December 31, 1967—4,213,061 shares)	$ 4,223,461	$ 4,213,061
CONTRIBUTED SURPLUS	4,737,161	4,716,361
RETAINED EARNINGS (Note 5)	7,772,264	6,857,527
	$16,732,886	$15,786,949
	$35,406,922	$36,193,353

consolidated statement of earnings

FOR THE YEAR ENDED DECEMBER 31

	1968	1967
Billings to customers, less discounts and taxes	$20,930,550	$19,541,937
Cost of sales	15,674,045	15,297,670
Gross profit on sales	$ 5,256,505	$ 4,244,267
Selling, general and administrative expenses	$ 2,071,337	$ 1,981,361
Interest on long term debt	572,136	659,248
Interest on bank loan	596,863	449,514
Amortization of debenture discount and expense	39,648	39,648
	$ 3,279,984	$ 3,129,771
Operating profit	$ 1,976,521	$ 1,114,496
Loss on disposal of fixed assets (net)	216,784	—
Earnings before provision for deferred income taxes	$ 1,759,737	$ 1,114,496
Deferred income taxes (Note 5)	845,000	(1) 621,000
Net earnings for the year	$ 914,737	$ 493,496

(1) Deferred income taxes for 1967 have not been recorded in the accounts. For comparative purposes only, the 1967 earnings figures have been adjusted to record a provision for deferred income taxes.

(2)		1968	1967
	Depreciation included above	$1,808,534	$1,703,443
	Depletion included above	58,717	27,818
	Total	$1,867,251	$1,731,261

consolidated statement of retained earnings

FOR THE YEAR ENDED DECEMBER 31

	1968	1967
Retained earnings at beginning of year	$ 6,857,527	$ 5,743,031
Earnings before provision for deferred income taxes	1,759,737	1,114,496
	$ 8,617,264	$ 6,857,527
Deferred income taxes from January 1, 1968 (Note 5)	845,000	—
Retained earnings at end of year	$ 7,772,264	$ 6,857,527

consolidated statement of contributed surplus

FOR THE YEAR ENDED DECEMBER 31

	1968	1967
Contributed surplus at beginning of year	$4,716,361	$4,673,611
Surplus arising from exercise of common share options	20,800	42,750
Contributed surplus at end of year	$4,737,161	$4,716,361

consolidated statement of source and application of funds

FOR THE YEAR ENDED DECEMBER 31

	1968	1967
SOURCE OF FUNDS		
Funds derived from current operations	$3,883,420	$2,887,543
Sale of fixed assets	250,960	101,147
Issue of common shares	31,200	63,750
Proceeds from long term debt	—	230,040
Special refundable tax	44,174	61,983
	$4,209,754	$3,344,463
APPLICATION OF FUNDS		
Purchase of fixed assets	$1,581,008	$2,280,698
Reduction in long term debt	1,897,758	1,909,260
Non current accounts receivable and other items	380,158	31,757
	$3,858,924	$4,221,715
Increase/(Decrease) in working capital	$ 350,830	($ 877,252)

notes to consolidated financial statements

DECEMBER 31, 1968

NOTE 1—PRINCIPLES OF PREPARATION

The consolidated financial statements include the accounts of Lake Ontario Cement Limited and its wholly-owned subsidiary companies.

Accounts maintained in United States funds have been converted to Canadian funds at appropriate rates of exchange.

NOTE 2—LONG TERM DEBT

The Deed of Trust under which the 5½% debentures were issued provides for annual sinking fund payments based on earnings, provided such payments are not prohibited by the Deed of Trust and Mortgage securing the First Mortgage Bonds. A sinking fund payment was not made in 1968 and present indications are that these restrictions will not permit any such payment to be made in 1969.

NOTE 3—CAPITAL STOCK

At December 31, 1968 40,600 common shares were reserved in connection with the options referred to in Note 4.

NOTE 4-OPTIONS TO PURCHASE COMMON SHARES

During the year options were exercised to purchase 10,400 common shares for cash at $3.00 per share.

INCENTIVE STOCK OPTION PLAN

Under the terms of the incentive stock option plan, there were outstanding as at December 31, 1968 options to purchase 13,100 shares at $3.00 per share and 19,500 shares at $5.00 per share. No options may be granted under the plan after December 31, 1968. In all cases, the option price was not less than the approximate fair market value at date of grant.

Of these outstanding options 5,100 shares at $3.00 per share and 8,000 shares at $5.00 per share were granted to officers of the Company. These options which expire ten years after date of grant become exercisable as to 40% of the shares involved after one year, and a further 20% per year after each of the three succeeding years. Options covering 13,100 shares at $3.00 per share, and 11,600 shares at $5.00 per share were exercisable at December 31, 1968.

OTHER OPTIONS

Under an option granted to an officer of the Company in 1965 for the purchase of 8,000 common shares at $5.00 per share, 6,000 shares were exercisable at December 31, 1968. This option, which expires on December 31, 1975, is exercisable at the rate of 25% of the shares per year on a cumulative basis at any time, and from time to time, after January 1, 1966.

NOTE 5—DEFERRED INCOME TAXES

In prior years, the Company calculated the provision for income taxes after claiming sufficient capital cost allowance for tax purposes over depreciation provided in the accounts to eliminate any taxes otherwise payable.

To conform to the recent recommendations of the Canadian Institute of Chartered Accountants, the Company has changed its method of determining deferred income taxes by including all appropriate differences between taxable income and that reported in the financial statements. Deferred income taxes on this basis, calculated from January 1, 1968 are $845,000, which amount appears on the consolidated balance sheet as "DEFERRED INCOME TAXES". For comparative statement purposes only, the consolidated statement of earnings for 1967 shows the recalculated deferred income taxes amount of $621,000. The restated total of accumulated deferred income taxes to December 31, 1967 is $4,122,000.

Because the Company intends to claim capital cost allowances which exceed depreciation charged in the accounts, no Canadian income taxes are payable for the year 1968.

No United States income taxes are payable because of the availability of losses carried forward from prior years.

NOTE 6—REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

For the year ended December 31, 1968, aggregate direct remuneration of the directors and senior officers of the Company amounted to $141,960, of which $77,730 was received by directors.

NOTE 7—COMMITMENTS

Outstanding commitments relating to 1969 capital projects totalled approximately $550,000 at December 31, 1968.

Under various lease agreements, the minimum aggregate rentals to be paid in future years amount to approximately $713,000 annually.

NOTE 8—PENSION PLANS

The unfunded past service liability which is required to be funded over the next twenty-one years amounts to $568,966.

Minimum future annual payments with respect to this liability amount to $35,810 including interest.

auditors' report to the shareholders of

LAKE ONTARIO CEMENT LIMITED

We have examined the consolidated balance sheet of Lake Ontario Cement Limited and its subsidiary companies as at December 31, 1968 and the consolidated statements of earnings, retained earnings, contributed surplus, and source and application of funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of Lake Ontario Cement Limited and its subsidiary companies as at December 31, 1968 and the results of their operations and the source and application of their funds for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, with the exception of the change in accounting for income taxes as described in Note 5 to the financial statements, with which change we agree.

Toronto, Ontario,
January 10, 1969

EDDIS & ASSOCIATES
Chartered Accountants.

15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	Based upon the books of the Company as at November 27, 1968, the names, addresses and shareholdings of the five largest registered shareholders of the Company are as follows: Denison Mines Limited, 4 King Street West, Toronto 1, Ontario. — 1,668,761 *Roytor & Co. #1 Account, c/o The Royal Bank of Canada, 20 King Street West, Toronto 1, Ontario. — 475,062 Harvey J. McFarland, (beneficially owned) Picton, Ontario. — 200,000 **Guaranty Trust Company of Canada Acct. T4378 366 Bay Street, Toronto 1, Ontario. — 90,858 **Guaranty Trust Company of Canada Acct. T3100 366 Bay Street, Toronto 1, Ontario. — 83,090 *The Company is advised that 464,812 of these shares are beneficially owned by Denison Mines Limited. **The Company is advised that all of these shares are beneficially owned by Denison Mines Limited.
16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	Denison Mines Limited, 4 King Street West, Toronto, Ontario, holds 2,309,506 shares, being 54.7% of the outstanding shares of the Company.
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	Not applicable
18. Brief statement of any lawsuits pending or in process against company or its properties.	None
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	The Company is a party to various material contracts entered into in the course of carrying on its business.
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	The Company has informed the public regularly of its affairs and the signatories to this filing statement know of no material changes in the affairs of the Company that have not been fully reported. Further, such signatories know of no material facts other than those set out in this filing statement relating to the proposed sale by Denison of the common shares of the Company referred to in the answer to Item 1 above. The said filing statement is not to be construed as a prospectus or as a report by or on behalf of the Company or any signatory thereto or any person for the purpose of inducing any person to purchase shares of the Company or to constitute an offer or solicitation for purchase in respect of any such shares.

DATED January 6, 1969

CERTIFICATE OF THE COMPANY

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

"R.D. MacLean" — LAKE ONTARIO CEMENT LIMITED by R.D. MacLean — CORPORATE SEAL

"J.A. Mullin" — J.A. Mullin

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)